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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MICHAEL R. KENNEDY

Appeal 2017-005890
Application 14/667,270¹
Technology Center 3600

Before ANTON W. FETTING, MICHAEL C. ASTORINO, and
PHILIP J. HOFFMANN, *Administrative Patent Judges*.

ASTORINO, *Administrative Patent Judge*.

DECISION ON APPEAL

Pursuant to 35 U.S.C. § 134(a), the Appellant appeals from the Examiner's decision rejecting claims 1–28.² We have jurisdiction over the appeal under 35 U.S.C. § 6(b). We AFFIRM-IN-PART.

¹ According to the Appellant, “[t]he real party in interest is MPT, Inc.” Appeal Br. 2.

² The Appellant lists Application Serial Number 14/085,281, under the Related Appeals and Interferences section of the Appeal Brief. Appeal Br. 2. This related appeal has been assigned appeal number 2018-004645. In appeal number 2018-004645, at page 2, the Appellant lists Application Serial Number 14/085,317 under the Related Appeals and Interferences section. This related application has been assigned appeal number 2018-004767. The related applications are being decided concurrently with the present appeal.

STATEMENT OF THE CASE

Claimed Subject Matter

Claims 1, 15, and 26 are the independent claims on appeal. Claims 1 and 15, reproduced below, are illustrative of the appealed subject matter.

1. A method of advertising comprising:
 - a) soliciting a seller to make available space on its plastic shopping bags for adhesive labels bearing advertisements to be adhered to those bags;
 - b) accepting from or generating for the seller or a third-party advertiser indicia constituting an advertisement;
 - c) printing said indicia on a plurality of adhesive labels; and
 - d) supplying to the seller a plurality of shopping bags respectively having ones of said plurality of adhesive labels adhered thereon, said plurality of adhesive labels being effective so that the seller's customers can view said plurality of adhesive labels and the associated advertisement, and can remove said plurality of adhesive labels from said shopping bags for subsequent use thus leaving substantially no adhesive or other residue on said shopping bags.

15. A method of promoting in-store purchases, comprising:
 - a) a seller offering to a third-party advertiser an opportunity to advertise on plastic shopping bags of the seller; and
 - b) the seller distributing to its customers an advertisement from said third-party advertiser in a form of adhesive labels bearing said advertisement adhered respectively to ones of the shopping bags.

Rejections

- I. Claims 1–28 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.
- II. Claims 1–26 are rejected under 35 U.S.C. § 112(b) or 35 U.S.C. § 112 (pre-AIA), second paragraph, as indefinite.

III. Claims 1–3, 9, 12, 15, 16, and 19–28 are rejected under (pre-AIA) 35 U.S.C. § 103(a) as unpatentable over Kashani (US 2013/0168283 A1, pub. July 4, 2013) and Absher (US 5,298,104, iss. Mar. 29, 1994).

IV. Claims 4–8, 17, and 18 are rejected under (pre-AIA) 35 U.S.C. § 103(a) as unpatentable over Kashani, Absher, and Hanson (US 2005/0121347 A1, pub. June 9, 2005).

V. Claims 13 and 14 are rejected under (pre-AIA) 35 U.S.C. § 103(a) as unpatentable over Kashani, Absher, and Regard (US 2006/0187058 A1, pub. Aug. 24, 2006).

VI. Claims 10 and 11 are rejected under (pre-AIA) 35 U.S.C. § 103(a) as unpatentable over Kashani, Absher, Hanson, and Regard.

ANALYSIS

Rejection I. Non-Statutory Subject Matter

Under 35 U.S.C. § 101, an invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include an implicit exception: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *See, e.g., Alice Corp. Pty Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014).

In judging whether claim 1 falls within the excluded category of abstract ideas, we are guided in our analysis by the Supreme Court’s two-step framework, described in *Mayo* and *Alice*. *Id.* at 2355 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1296–97 (2012)). In accordance with that framework, we first determine whether the claim is “directed to” a patent-ineligible abstract idea. If so, we then

consider the elements of the claim both individually and as “an ordered combination” to determine whether the additional elements “transform the nature of the claim” into a patent-eligible application of the abstract idea. *Id.* This is a search for an “inventive concept” an element or combination of elements sufficient to ensure that the claim amounts to “significantly more” than the abstract idea itself. *Id.*

Independent claims 1 and 26 and dependent claims 2–14, 27, and 28

Under the first step of the *Alice/Mayo* framework, the Examiner determines that claim 1 is directed to an abstract idea; namely, “[o]rganizing human activity” and/or “targeted advertising.” Final Act. 2–3.

The Specification supports this determination by instructing that the invention is directed to “a method of advertising.” Spec. 3:2; *see id.* at 20:21–23 (“an advertising method that allows the consumer to get multiple targeted coupons on their grocery bags 30, with the targeting being dependent upon the type of shopping experience.”). According to the Specification,

Plastic bags and other types of packaging are often used for advertising. For example, grocery store retailers will print their name and logo on the front and/or back of each bag. Consumers often reuse bags and carry them back and forth to work, etc. As a result, retailers get free advertising while their bags are on display by the consumer. Thus, it is desirable by the retailer that their bags be unadulterated by coupons that block their logo and/or name.

Id. at 1:21–26; *see also id.* at 1:18–20 (“Because a large number of plastic bags reach consumers, efforts have been made to provide advertising and coupons on bags”).

Independent claim 1 provides for a “[a] method of advertising comprising:” “*soliciting* a seller to make available space on its plastic shopping bags for adhesive labels bearing advertisements to be adhered to those bags”; “*accepting* from or generating for the seller or a third-party advertiser indicia constituting an advertisement”; “*printing* said indicia”; and “*supplying* to the seller a plurality of shopping bags respectively having ones of said plurality of adhesive labels adhered thereon.” Appeal Br. 27 (emphasis added). According to the Specification:

An example method of advertising is depicted in the flowchart of Fig. 26. This method includes presenting an offer to provide packaging materials to a seller that incorporates advertising materials according to the invention. Then the seller’s buying scenarios are determined, as well as the seller’s needs for packaging materials that incorporate advertising materials. Then the packaging materials are manufactured to include the advertising materials. Then the packaging materials are provided to the seller, such as by shipping them to the seller. Thereafter, the seller distributes the packaging materials, which include advertising materials, to the consumer or another party.

In connection with the different buying scenarios, some examples of buying scenarios, in the context of bags, include: 1) how many bags a typical consumer will use during a shopping trip at the check-out, 2) whether all check-out lines are the same or some lines have different shopping experiences than other lines, 3) whether an in store shopping opportunity is to be provided or an after shopping experience offer is to be offered; 4) whether the advertising will be directed to the user, or to a different entity; 5) how many offers to include on a bag 30; 6) type of offer to be offered on a bag 30; and 7) whether the user wants all bags 30 to include advertising, or only some of the bags 30, among other criteria.

See id. at 21:13–30.

The context of claim 1, in light the Specification, is consistent with the Examiner determination that claim 1 is directed “[o]rganizing human activity” and/or “targeted advertising.” Courts have determined that concepts relating to organizing human activity, and particularly, advertising, to be abstract. *See In re Ferguson*, 558 F.3d 1359, 1363 (Fed. Cir. 2009); *Affinity Labs of Tex., LLC v. Amazon.com Inc.*, 838 F.3d 1266, 1271 (Fed. Cir. 2016) (customizing a user interface to have targeted advertising based on user information); *Morsa v. Facebook, Inc.*, 77 F.Supp.3d 1007, 1013 (C.D. Cal. 2014), *aff’d*, 622 F. App’x 915 (Fed. Cir. 2015) (“First, targeted advertising is just such a concept, insofar as matching consumers with a given product or service ‘has been practiced as long as markets have been in operation’”) (quoting *Tuxis Techs., LLC v. Amazon.com, Inc.*, No. CV 13-1771-RGA, 2014 WL 4382446, at *5 (D. Del. Sept. 3, 2014)).

We disagree with the Appellant that “[c]laim 1 is directed to a practical method of manufacturing and distributing labels bearing advertising via attachment to shopping bags.” Appeal Br. 4. Moreover, we have fully considered the arguments presented in the Appeal Brief at pages 4–9, and Reply Brief at pages 3–6, but these arguments are not persuasive to show error.

Under the second step of the *Mayo/Alice* framework, the Examiner determines

[t]he claims do not include additional elements that are sufficient to amount to “significantly more” than the abstract idea because the claims only require functions that are well-understood, routine and conventional activity (using adhesive labels as an advertising mechanism on shopping bags) and this activity was previously known to the industry.

Final Act. 3. The Examiner appears to find that physical elements in the claims are generic and concern well-understood, routine, and conventional nature of the additional activity and elements which amount to no more than implementing the abstract idea. *See* Ans. 4–5, 15–18.

The Appellant argues “[t]he [E]xaminer cannot simply conclude that the limitations of the claim, individually and as a whole, are well-understood, routine, and conventional without ‘explain[ing] why the courts have recognized, or those in the relevant field of art would recognize, those claim limitations as being well-understood, routine, conventional activities.’” Appeal Br. 11 (citing May 2016 Update to Interim Guidance, pg. 4 (emphasis added)); Reply Br. 7. The Appellant argues that “the [E]xaminer here recited only generic conclusory statements supporting the rejection” and that as claimed “[t]he labels and bags are not generic structure.” Appeal Br. 11. Rather, the method of claim 1 includes “preparing and disseminating adhesive labels adhered to shopping bags, wherein those labels leave behind substantially no residue when removed.” *Id.*; *see* Reply Br. 8.

In this case, there is inadequate support in the record for the Examiner’s determination that the claims concern well-understood, routine, and conventional activity and/or elements that amount to no more than implementing the abstract idea. In particular, we fail to see support for this determination as it relates to step “d” of claim 1, which recites with added emphasis:

supplying to the seller a plurality of shopping bags respectively having ones of said plurality of adhesive labels adhered thereon, said plurality of adhesive labels being effective so that the seller’s customers can view said plurality of adhesive

labels and the associated advertisement, and can remove said plurality of adhesive labels from said shopping bags for subsequent use thus leaving substantially no adhesive or other residue on said shopping bags.

Appeal Br. 27 (emphasis added). Therefore, we do not sustain the rejection of claim 1, and its dependent claims, under § 101. Independent claim 26 is similar to claim 1, and for the same reasons we do not sustain the rejection of claim 26, and its dependent claims, under § 101.

Independent claim 15 and dependent claims 16–25

The Appellant argues “claim 15 recites the same core structural and transformational features of claim 1 that are discussed above, claim 15 is also patent-eligible for at least the same reasons as claim 1.” Appeal Br. 15.

For reasons similar to those discussed above with regard to independent claim 1, we agree with the Examiner that independent claim 15, which recites, “[a] method of promoting in-store purchases,” is directed to an abstract idea; namely, “[o]rganizing human activity” and/or “targeted advertising.” Final Act. 2–3.

We next consider whether additional elements of the claim 15, both individually and as an ordered combination, transform the nature of the claim into a patent-eligible application of the abstract idea, e.g., whether the claim does more than simply instruct the practitioner to implement the abstract idea using generic components. We conclude that it does not.

Claim 15 does not include the same specificity of the adhesive labels as required by claim 1. More specifically, claim 15 does not require “preparing and disseminating adhesive labels adhered to shopping bags, wherein those labels leave behind substantially no residue when removed”

(Appeal Br. 11). Rather, claim 15 includes an adhesive label adhered on a shopping bag. The Specification at pages 1–2 describes that the use of adhesive coupons on a shopping bag concerns well-understood, routine, and conventional activity and/or elements.

We have fully considered the arguments presented in the Appeal Brief at pages 10–13 and 15 and Reply Brief at pages 3–9, but these arguments are not persuasive to show that the rejection of claim 15 is improper. Thus, we sustain the rejection of independent claim 15 under § 101.

Dependent claims 16–18 and 21–25 are drawn to similar subject matter as independent claim 15. The Appellant argues the Examiner failed to separately analyze the dependent claims. However, in the Answer the Examiner provides a separate analysis for the dependent claims. *See* Ans. 3, 8–9, 18–19. Thus, we likewise sustain the rejection of claims 16–18 and 21–25 under § 101.

Dependent claim 19, however, includes similar recitations to those described in independent claim 1. *See* Appeal Br. 29. Claim 20 depends from claim 19. *See id.* For reasons similar as those discussed above concerning the rejection of claim 1 under § 101, we do not sustain the rejection of claims 19 and 20 under § 101.

Rejection II. Indefiniteness

The Appellant does not contest this ground of rejection. Reply Br. 3; *see* Ans. 2. As such, we summarily sustain the Examiner’s rejection of claims 1–26 as indefinite.

Rejections III–VI. Obviousness

Independent claims 1 and 26 and dependent claims 2–14, 27, and 28

Independent claim 1 recites “said plurality of adhesive labels being effective so that the seller’s customers . . . can remove said plurality of adhesive labels from said shopping bags for subsequent use thus leaving substantially no adhesive or other residue on said shopping bags.” Appeal Br. 27. Claim 26 recites a nearly identical limitation. *Id.* at 30.

The Examiner finds Kashani lacks, but the Absher discloses, the above-mentioned recitations of claims 1 and 26. Final Act. 6–7, 24–25. The Examiner appears to rely on Absher’s teachings concerning coupon assembly 40, which is adhered to a bag (e.g., bags 60, 70). *See* Ans. 25–26; Absher, col. 5, ll. 3–7, Figs. 5, 7. Absher’s coupon assembly 40 includes coupon portion 43 and adhesive portion 41. *See id.* at col. 5, ll. 8–10, Fig. 7. The Examiner appears to find Absher’s teachings correspond to the claimed subject matter at issue because Absher’s coupon portion 43 may be removed from bag 60 and no sticky residue is left behind, as polyester layer 50 (non-sticky) of adhesive portion 41 remains on the surface of bag 60. *See* Ans. 26.³

The Appellant argues that “Absher leaves behind a residue in the form of an adhesive and polyester layer,” and, as such, fails to teach the above-mentioned recitations of claims 1 and 26. Appeal Br. 21. The Appellant asserts that the “[n]o residue’ is not limited to only ‘sticky residue.’” Reply Br. 12; *see also* Spec. 5 (quoting, with added emphasis, “coupon 32 [is] remov[able] by a user without leaving substantially any residue, *including*

³ The Examiner defines “residue” as “something that remains after a part is removed, disposed of, or used.” Ans. 26 (citing www.dictionary.com).

any adhesive residue or a plastic liner, on the bag”). The Appellant’s position is persuasive. The Appellant points out correctly that Absher’s adhesive portion 41, which includes a polyester layer 50 and an adhesive layer 51, remains on bag 60 when coupon portion 43 is removed. *See* Reply Br. 12; Absher, col. 5, ll. 28–46. Additionally, the Appellant points out correctly that adhesive layer 51 binds polyester layer 50 to bag 60, and as such, a sticky residue left (i.e., adhesive layer 51) is left behind.

Thus, we do not sustain the Examiner’s rejection of claims 1 and 26 under (pre-AIA) 35 U.S.C. § 103(a) as unpatentable over Kashani and Absher. Claims 2–14 depend from independent claim 1 and claims 27 and 28 depend from independent claim 26. Appeal Br. 27–30. The rejections of these claims rely on the same errant finding discussed above with regard to the rejection of claims 1 and 26. The errant finding is not cured by the findings and/or reasoning associated with the rejections of claims 2–14, 27, and 28. Thus, we do not sustain the Examiner’s rejections of claims 2–14, 27, and 28 under (pre-AIA) 35 U.S.C. § 103(a).

Independent claim 15 and dependent claims 16–18 and 21–23

Claim 15 recites, “a seller offering to a third-party advertiser an opportunity to advertise on *plastic shopping bags* of the seller.”⁴ Appeal Br. 29 (emphasis added).

⁴ Unlike claim 1, claim 15 does not require a “plurality of adhesive labels being effective so that the seller’s customers . . . can remove said plurality of adhesive labels from said shopping bags for subsequent use thus leaving substantially no adhesive or other residue on said shopping bags.” Appeal Br. 27 (claim 1).

The Examiner finds that Kashani teaches a plastic shopping bag. Final Act. 11–12 (citing Kashani ¶¶ 3, 17, 19, 23, 24). Indeed, Kashani teaches bags 21 are made of plastic. *See* Kashani ¶ 19, Figs. 3A–3G.

The Appellant argues the Kashani’s bag is not a traditional plastic bag, rather it is a bio-degradable plastic bag. *See* Appeal Br. 16–17. The Appellant also argues that Kashani teaches away from a traditional plastic bag. *Id.* at 16–20 (citing Kashani ¶¶ 2–4, 18–21). The Appellant’s position is not persuasive. In this case, the Appellant’s argument is outside the scope of the subject matter of claim 15. *See* Ans. 20–21. Stated otherwise, claim 15 recites “plastic shopping bags” and Kashani teaches plastic shopping bags; i.e., a bio-degradable plastic shopping bags.

Thus, we sustain the Examiner’s rejection of claim 15 as unpatentable over Kashani and Absher.

The Appellant adds a further heading, but not a further argument for the rejection of dependent claims 16 and 21–23. *See* Appeal Br. 22. We sustain the Examiner’s rejection of claims 16 and 21–23 as unpatentable over Kashani and Absher.

Similarly, the Appellant adds a further heading for the rejection of dependent claims 17 and 18. *See* Appeal Br. 24. The Appellant assert that Hanson fails to cure the alleged deficiencies of the rejection of claim 15. *See id.* However, as discussed above, the Appellant does not provide a persuasive argument that the rejection of claim 15 suffers from any deficiency. As such, we likewise sustain the Examiner’s rejection of claims 17 and 18 as unpatentable over Kashani, Absher, and Hanson.

Dependent claims 19 and 20

Dependent claim 19 recites, “said adhesive labels being effective so that the seller’s customers can remove said adhesive labels from said shopping bags for subsequent use thus leaving substantially no adhesive or other residue on the bags.” Appeal Br. 29. Claim 20 depends from claim 19. *Id.* Similar to the rejection of claims 1 and 26, the Examiner relies on Absher and not Kashani to teach this recitation of claim 19. Final Act. 14–15. Thus, for reasons similar to those discussed above, we do not sustain the Examiner’s rejection of claims 19 and 20 as unpatentable over Kashani and Absher.

Dependent claims 24 and 25

The Examiner finds that Kashani teaches biodegradable plastic shopping bags, but fails to teach “shopping bags being made of polyethylene or polypropylene,” as recited in claim 24. Final Act. 20. To remedy this deficiency the Examiner turns to Absher. *Id.* at 21. The Examiner finds that “Absher discloses that the plastic bags may be made of polyethylene.” *Id.*

The Appellant asserts that “at best Kashani might describe that plastic bags made from corn or other plants could be considered ‘environmentally friendly.’” Appeal Br. 22 (citing Kashani ¶¶ 18–20). The Appellant argues that a modification of Kashani’s environmentally friendly bag to be made of polyethylene “would defeat the entire purpose of Kashani by placing non-environmentally friendly bags, as defined in the reference, into the marketplace.” *See id.* at 22–23. Similarly, the Appellant contends Kashani “expressly discredits ‘[p]lastic disposable bags, particularly those given out by supermarkets’ because they ‘are non-degradable and fill up the

landfills.” Reply Br. 10 (citing Kashani ¶ 2); *see id.* at 11. The Appellant’s position is persuasive. In response, the Examiner fails to explain how modifying Kashani’s environmentally friendly bag to be made of polyethylene would maintain Kashani’s bag as environmentally friendly.

Thus, we do not sustain the Examiner’s rejection of claim 24, and claim 25 which depends from claim 24, as unpatentable over Kashani and Absher.

DECISION

We AFFIRM the Examiner’s decision rejecting: claims 15–18 and 21–25 under 35 U.S.C. § 101 as directed to non-statutory subject matter (Rejection I); claims 15, 16, and 21–23 under (pre-AIA) 35 U.S.C. § 103(a) as unpatentable over Kashani and Absher (Rejection III); and claims 17 and 18 under (pre-AIA) 35 U.S.C. § 103(a) as unpatentable over Kashani, Absher, and Hanson (Rejection IV).

We SUMMARILY AFFIRM the Examiner’s decision rejecting claims 1–26 under 35 U.S.C. § 112(b) or 35 U.S.C. § 112 (pre-AIA), second paragraph, as indefinite (Rejection II).

We REVERSE the Examiner’s decision rejecting: claims 1–14, 19, 20, and 26–28 under 35 U.S.C. § 101 as directed to non-statutory subject matter (Rejection I); claims 1–3, 9, 12, 19, 20, and 24–28 under (pre-AIA) 35 U.S.C. § 103(a) as unpatentable over Kashani and Absher (Rejection III); claims 4–8 under (pre-AIA) 35 U.S.C. § 103(a) as unpatentable over Kashani, Absher, and Hanson (Rejection IV); claims 13 and 14 under (pre-AIA) 35 U.S.C. § 103(a) as unpatentable over Kashani, Absher, and Regard

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(Rejection V); claims 10 and 11 under (pre-AIA) 35 U.S.C. § 103(a) as unpatentable over Kashani, Absher, Hanson, and Regard (Rejection VI).

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED-IN-PART